

**ASOTIN SCHOOL DISTRICT No. 420**  
**Asotin County, Washington**  
**September 1, 1993 Through August 31, 1995**

---

**Schedule Of Findings**

---

1. The District Should Strengthen Controls Over Associated Student Body (ASB) Imprest Funds And Cash Receipting

The total revenue for Asotin School District ASB activities for fiscal year 1995 was \$75,850. Our review of the imprest bank account and cash receipting system identified the following control weaknesses:

a. Imprest Bank Account

(1) Thirty ASB imprest negotiated checks had been signed but were left blank as to payee. Most of these checks contained endorsements indicating the payee. However, some of these negotiated checks did not contain a payee or an endorsement.

(2) The authorized balance was overdrawn seven times in a twelve month period by an average of \$1,337.

(3) Some checks did not contain adequate documentation to support the expenditures.

The imprest account was used to process as many bills as possible without processing them through the voucher process. This results in the board of directors not approving all significant purchases prior to disbursement.

Section III-G-4 of the *Accounting Manual for Public School Districts in the State of Washington* states in part:

Imprest bank accounts are . . . set aside . . . for minor  
disbursements . . . or similar uses requiring immediate action  
. . . .

The district does not have formal policies and procedures for ASB imprest bank accounts. The weaknesses in the internal control structure increase the risk that unauthorized expenditures could be made and not detected by the district.

b. Cash Receipting

(1) Staff duties and responsibilities for cash handling are not properly segregated. One employee is responsible for receipting, processing, and recording a single transaction.

(2) Revenues for soft drink machine sales and other fund raising activities were not reviewed for reasonableness based on inventory purchased, mark-up, and remaining inventory. An analysis of soft drink machine revenues and expenditures for the twelve month period ending August 31, 1995, revealed a possible shortage of up to \$3,000. However, due to the lack of records, we were unable to make a conclusive determination.

(3) Mode of payment was not indicated on receipts or other supporting documentation; therefore, intactness of deposits cannot be determined.

(4) Rediform receipts were used for some receipting activities. Without official prenumbered receipts, subsequent deposit of all receipts cannot be determined.

(5) Athletic ticket sales reconciliations did not provide explanations for discrepancies between actual revenue and expected revenue based on the number of tickets sold and did not indicate the individual(s) responsible for selling tickets. Therefore, completeness of deposits cannot be determined and responsibility for potential losses cannot be assigned.

(6) Tickets have not been inventoried and a ticket log was not used to account for the numerical sequence of tickets.

(7) Funds received from advisors and students are not always counted prior to transfer to the ASB central treasurer.

(8) A system was not in place to account for the various sources of ASB revenues.

Section III-G-1 of the *Accounting Manual for Public School Districts in the State of Washington* states in part:

An internal control system . . . (should) ensure that resource use is consistent with law, regulation, and policy; that resources are guarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports . . . School district management should periodically review its internal controls to ensure proper conduct of school district business.

The district does not have formal policies and procedures for ASB cash receipting. In addition, there are not policies and procedures for supervisory review. The weaknesses in the internal control structure of ASB activities increase the risk that errors and irregularities could occur and not be detected in a timely manner.

We recommend that district officials develop improved internal control procedures over the ASB imprest account and cash receipting functions.

We further recommend that the district provide proper supervision of employees that handle cash.

We also recommend personnel involved in the accounting for ASB revenues and expenditures receive adequate training to perform the necessary safeguarding, accounting, and reconciliation procedures.